

AGENCY ESTIMATE
OF THE FISCAL IMPACT OF IMPLEMENTING
H.B. 195 2011 General Session

Debt Service Obligations of a Divided School District

Sponsor: Rep./Sen. Kenneth W. Sumsion

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A. Short Form (For bills that have no impact on the state, local governments, businesses, or individuals.)

If you can check all five boxes to the right, you're almost done. If the bill obviously doesn't have an impact, you're done.

- | | |
|-------------------------------------|---|
| <input checked="" type="checkbox"/> | State agencies will not require an appropriation to implement the bill. |
| <input type="checkbox"/> | There is no fiscal impact on local governments. |
| <input type="checkbox"/> | There is no fiscal impact on businesses. |
| <input type="checkbox"/> | There is no fiscal impact on individuals. |
| <input checked="" type="checkbox"/> | The bill will not affect revenues. |

If it isn't so obvious, explain what's going on. The most usual explanation is the codification of existing practices.

Attachments welcome.

If necessary, explain why this bill has no fiscal impact.

B. What parts of the bill cause fiscal impact?

Cite specific sections or line numbers.

Lines 76 thru 93 change the manner in which "outstanding bonded indebtedness" is shared between a "New District" and "Remaining District" over time.

C. Which program gets the appropriation?

Enter 3 letter Appropriation Unit Code.

For multiple appropriations

This is of

D. Work Notes: Assumptions, calculations & what are we buying?

Explain the fiscal impact in plain English, detailing your assumptions, methods, & calculations.

List all direct costs. Identify one-time and ongoing costs. Detail FTE impacts.

Do not say, "\$50,000 in Current Expense." Be very specific about what this \$50,000 will buy.

Attachments encouraged.

For "New Districts" created after March 10, 2011 there are three possible outcomes:

- 1) If the "Remaining District's" total assessed valuation grows at a faster rate over time than the "New District's" total assessed valuation, H.B. 195 shifts debt service property tax burden from the "New District" to the "Remaining District" over time.
- 2) If the "New District's" total assessed valuation increases at a faster rate over time than the "Remaining District's" total assessed valuation, H.B. 195 shifts debt service property tax burden from the "Remaining District" to the "New District" over time.
- 3) If the "Remaining District" and the "New District" grow at the same rate over time, there is no fiscal impact from H.B. 195.

Please see attached analyses of outcome 1) and 2) above.

E. REVENUES

Select Fund	Current Budget Year FY 2011	Coming Budget Year FY 2012	Future Budget Year FY 2013
Total	0	0	0

F. COSTS by FUND

Select Fund	Current Budget Year FY 2011	Coming Budget Year FY 2012	Future Budget Year FY 2013
Total	0	0	0

G. COSTS by EXPENDITURE CATEGORY.

Expenses by Category	Current Budget Year FY 2011	Coming Budget Year FY 2012	Future Budget Year FY 2013
Personal Services			
Travel			
Current Expense			
DP Current Expense			
DP Capital Outlay			
Capital Outlay			
Other/Pass Thru			
Total	0	0	0

H. Non-State Impacts

Your estimate of how will the bill affect:

Local Governments

"Remaining Districts" and "New Districts" will be required to pay a larger or smaller share of the "outstanding bonded indebtedness" depending on the growth rate in total assessed valuation relative to the other.

Businesses

Property owners in the District for which the total assessed valuation grows at a higher rate over time, will pay a larger share of the "outstanding bonded indebtedness".

Individuals

Property owners in the District for which the total assessed valuation grows at a higher rate over time, will pay a larger share of the "outstanding bonded indebtedness".

2010 Version 11.09

This is a draft fiscal note response from the Utah State Office of Education (USOE) and may be revised in the future.

Attachments welcome.

1000 General Fund
1050 General Fund, One-Time
1100 General Fund Restricted
1200 Uniform School Fund
1250 Uniform School Fund, One-time
1300 Uniform School Fund Restricted
1400 Education Fund
1450 Education Fund, One-Time
1500 Transportation Fund
1550 Transportation Fund, One-time
1575 Transportation Fund Restricted
1600 Federal Funds
1700 Federal Mineral Lease
1800 Dedicated Credits
1900 Fixed Collections
2000 Restricted Funds
2100 Trust Funds
2200 Liquor Control Fund
2300 Commerce Service Fund
2350 Commerce Service, One-time
2400 Oil Overcharge
2500 Local Revenue
2600 Property Tax
2700 Bonding
2800 Transfers
2900 Nonlapsing Funds
3000 Other
9999

H.B. 195 Fiscal Note Analysis - Assumes the "Remaining District's" Total Assessed Valuation Increases at a Higher Rate than the "New District"							
21-Dec-10	Preceding Year	Year 1	Year 2	Year 3	Year 4	Year 5	Totals
Assumptions							
"Divided School District's" Outstanding Bonded Indebtedness' Payments	\$ 39,000,000	\$ 39,000,000	\$ 43,000,000	\$ 43,000,000	\$ 45,000,000	\$ 45,000,000	\$ 215,000,000
"Divided School District" Total Assessed Valuation	\$ 33,000,000,000						
Corresponding "Divided School District's" Debt Service Tax Levy	0.001182						
New District							
Assessed Valuation	\$ 18,500,000,000	\$ 15,931,555,921	\$ 15,000,000,000	\$ 15,500,000,000	\$ 16,700,000,000	\$ 17,500,000,000	
Remaining District							
Assessed Valuation	\$ 14,500,000,000	\$ 12,645,794,056	\$ 13,500,000,000	\$ 15,500,000,000	\$ 17,500,000,000	\$ 20,000,000,000	
Calculation for "New District" created prior to May 10, 2011							
"New District" Proportion of Total Assessed Valuation	0.560606						
"New District" Proportionate Share of Debt Service Payments		\$ 21,863,636	\$ 24,106,061	\$ 24,106,061	\$ 25,227,273	\$ 25,227,273	\$ 120,530,303
"Remaining District's" Share of Debt Service Payments		\$ 17,136,364	\$ 18,893,939	\$ 18,893,939	\$ 19,772,727	\$ 19,772,727	\$ 94,469,697
Debt Service Property Tax Rates Based on Total Assessed Valuation							
"New District"		0.001372	0.001607	0.001555	0.001511	0.001442	
"Remaining District"		0.001355	0.001400	0.001219	0.001130	0.000989	
Calculation for "New District" created on or after May 10, 2011							
"New District" Share of Debt Service Payments		\$ 21,742,068	\$ 22,631,579	\$ 21,500,000	\$ 21,973,684	\$ 21,000,000	\$ 108,847,331
"Remaining District's" Share of Debt Service Payments		\$ 17,257,932	\$ 20,368,421	\$ 21,500,000	\$ 23,026,316	\$ 24,000,000	\$ 106,152,669
Debt Service Property Tax Rates							
"New District"		0.001365	0.001509	0.001387	0.001316	0.001200	
"Remaining District"		0.001365	0.001509	0.001387	0.001316	0.001200	
Fiscal Impact of H.B. 195							
Difference in "New District" Share of Debt Service Payments		\$ (121,569)	\$ (1,474,482)	\$ (2,606,061)	\$ (3,253,589)	\$ (4,227,273)	\$ (11,682,972)
Difference in "Remaining District's" Share of Debt Service Payments		\$ 121,569	\$ 1,474,482	\$ 2,606,061	\$ 3,253,589	\$ 4,227,273	\$ 11,682,972
Difference in Debt Service Property Tax Rates							
"New District"		-0.000008	-0.000098	-0.000168	-0.000195	-0.000242	
"Remaining District"		0.000010	0.000109	0.000168	0.000186	0.000211	
Property Tax Impact on a Residential Property Valued At:	1.03	\$ 250,000	\$ 257,500	\$ 265,225	\$ 273,182	\$ 281,377	
"New District"		\$ (1.91)	\$ (25.31)	\$ (44.59)	\$ (53.22)	\$ (67.97)	\$ (193.00)
"Remaining District"		\$ 2.40	\$ 28.12	\$ 44.59	\$ 50.79	\$ 59.47	\$ 185.38
Property Tax Impact on a Business Property Valued At:		\$ 1,000,000	\$ 1,030,000	\$ 1,060,900	\$ 1,092,727	\$ 1,125,509	
"New District"		\$ (7.63)	\$ (101.25)	\$ (178.37)	\$ (212.89)	\$ (271.88)	\$ (772.02)
"Remaining District"		\$ 9.61	\$ 112.50	\$ 178.37	\$ 203.16	\$ 237.89	\$ 741.53

H.B. 195 Fiscal Note Analysis - Assumes the "New District's" Total Assessed Valuation Increases at a Higher Rate than the "Remaining District"							
21-Dec-10	Preceding Year	Year 1	Year 2	Year 3	Year 4	Year 5	Totals
Assumptions							
"Divided School District's" Outstanding Bonded Indebtedness' Payments	\$ 39,000,000	\$ 39,000,000	\$ 43,000,000	\$ 43,000,000	\$ 45,000,000	\$ 45,000,000	\$ 215,000,000
"Divided School District" Total Assessed Valuation	\$ 33,000,000,000						
Corresponding "Divided School District's" Debt Service Tax Levy	0.001182						
New District							
Assessed Valuation	\$ 18,500,000,000	\$ 15,931,555,921	\$ 16,500,000,000	\$ 17,700,000,000	\$ 19,000,000,000	\$ 21,000,000,000	
Remaining District							
Assessed Valuation	\$ 14,500,000,000	\$ 12,645,794,056	\$ 12,800,000,000	\$ 13,100,000,000	\$ 13,500,000,000	\$ 13,700,000,000	
Calculation for "New District" created prior to May 10, 2011							
"New District" Proportion of Total Assessed Valuation	0.560606						
"New District" Proportionate Share of Debt Service Payments		\$ 21,863,636	\$ 24,106,061	\$ 24,106,061	\$ 25,227,273	\$ 25,227,273	\$ 120,530,303
"Remaining District's" Share of Debt Service Payments		\$ 17,136,364	\$ 18,893,939	\$ 18,893,939	\$ 19,772,727	\$ 19,772,727	\$ 94,469,697
Debt Service Property Tax Rates Based on Total Assessed Valuation							
"New District"		0.001372	0.001461	0.001362	0.001328	0.001201	
"Remaining District"		0.001355	0.001476	0.001442	0.001465	0.001443	
Calculation for "New District" created on or after May 10, 2011							
"New District" Share of Debt Service Payments		\$ 21,742,068	\$ 24,215,017	\$ 24,711,039	\$ 26,307,692	\$ 27,233,429	\$ 124,209,246
"Remaining District's" Share of Debt Service Payments		\$ 17,257,932	\$ 18,784,983	\$ 18,288,961	\$ 18,692,308	\$ 17,766,571	\$ 90,790,754
Debt Service Property Tax Rates							
"New District"		0.001365	0.001468	0.001396	0.001385	0.001297	
"Remaining District"		0.001365	0.001468	0.001396	0.001385	0.001297	
Fiscal Impact of H.B. 195							
Difference in "New District" Share of Debt Service Payments		\$ (121,569)	\$ 108,956	\$ 604,978	\$ 1,080,420	\$ 2,006,157	\$ 3,678,943
Difference in "Remaining District's" Share of Debt Service Payments		\$ 121,569	\$ (108,956)	\$ (604,978)	\$ (1,080,420)	\$ (2,006,157)	\$ (3,678,943)
Difference in Debt Service Property Tax Rates							
"New District"		-0.000008	0.000007	0.000034	0.000057	0.000096	
"Remaining District"		0.000010	-0.000009	-0.000046	-0.000080	-0.000146	
Property Tax Impact on a Residential Property Valued At:							
1.03		\$ 250,000	\$ 257,500	\$ 265,225	\$ 273,182	\$ 281,377	
"New District"		\$ (1.91)	\$ 1.70	\$ 9.07	\$ 15.53	\$ 26.88	\$ 51.27
"Remaining District"		\$ 2.40	\$ (2.19)	\$ (12.25)	\$ (21.86)	\$ (41.20)	\$ (75.10)
Property Tax Impact on a Business Property Valued At:							
		\$ 1,000,000	\$ 1,030,000	\$ 1,060,900	\$ 1,092,727	\$ 1,125,509	
"New District"		\$ (7.63)	\$ 6.80	\$ 36.26	\$ 62.14	\$ 107.52	\$ 205.09
"Remaining District"		\$ 9.61	\$ (8.77)	\$ (48.99)	\$ (87.45)	\$ (164.81)	\$ (300.41)